

Service Date: February 18, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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In The Matter of The Petition)	UTILITY DIVISION
Of Townsend MOUNTAIN BELL)	
Subscribers for Extended Area)	DOCKET NO. 87.5.29
Service into the Helena Exchange.)	
_____)	ORDER NO. 5330

FINDINGS OF FACT

1. On May 28, 1987, the Commission received a petition from Mountain Bell customers in the Townsend exchange requesting Extended Area Service (EAS) into the Helena exchange. EAS is non-optional, unlimited flat rate calling service between two or more exchanges at an increment to basic exchange rates, rather than at toll prices (35.5.1301).

2. The Administrative Rules of Montana (ARM) 38.5.1301 through 38.5.1303 set forth the conditions under which the Commission may grant EAS petitions within the state of Montana. ARM 38.5.1303 (2) (a) states that the Commission will order the company to initiate a calling usage study to determine if a sufficient community of interest exists between the exchanges. A sufficient community of interest exists if there is an average of eight calls per line per month to the exchange to which EAS is requested and at least 50 percent of the customers make at least one toll call per month to the exchange where EAS is requested.

3. Pursuant to ARM 38.5.1303(3) if a sufficient community of interest exists between the exchanges then the cost of providing the EAS arrangement is calculated. The additional costs include foregone toll revenues and additional investment in plant capacity. ARM 38.5.1303 (4) requires these additional costs to be recovered through a monthly increment on the rates of the customers in the exchanges involved.

4. On December 29, 1987, the Commission directed Mountain Bell to initiate a call usage study for one-way EAS between the Townsend exchange and the Helena exchange. It further directed Mountain Bell to calculate the monthly increment in rates needed to recover the costs of EAS as set forth in ARM 38.5.1303 (3).

5. On January 27, 1988, Mountain Bell filed the results of its Townsend EAS studies. The call usage study showed that 75.27% of the Townsend customers make at least one toll call per month to Helena and there is an average of 7.12 calls per line per month to Helena. The monthly increment needed to support EAS in Townsend would be \$8.40 per month for the first year and \$6.52 per month for subsequent years.

6. The Commission finds that Townsend does not meet the minimum criteria for EAS to Helena. In deciding not to pursue this matter further, the Commission considered the effect on rates in the Townsend exchange. The current monthly basic rate inside the base rate area is \$13.11 plus the interstate customer access service charge of \$2.60. With the additional \$8.40 charge, \$24.11 would be the lowest possible rate for basic residential service in the Townsend area. 'For customers living outside the base rate area the minimum charge available would range from \$29.11 to \$39.11.

7. Currently, customers have the option of not making toll calls and therefore not incurring additional long distance usage charges. If EAS were granted, the \$8.40 would be assessed on all Townsend customers whether they made any toll calls or not. The Commission does not see this as a preferable situation to the current situation where customers who make long distance calls pay the costs of making those calls and customers who do not wish to make toll calls are not charged for them. Any EAS arrangement ultimately requires customers with low usage to subsidize customers with high usage regardless of the ability of either party to bear the costs.

CONCLUSIONS OF LAW

1. Mountain Bell Telephone Company furnishes regulated telecommunications services

within the State of Montana and is a Public Utility subject to the regulatory jurisdiction of the Montana Public Service Commission.

2. The Commission and Mountain Bell have complied with the procedural requirements of ARM 38.5.1301-1303 for determining if Extended Area Service should be offered in the Townsend area.

3. A strong community of interest between Townsend and Helena has not been established. The incremental charge associated with EAS would not result in just and reasonable rates in the Townsend Exchange.

ORDER

1. The Petition for customers in the Townsend exchange for EAS is hereby DENIED.

DONE IN OPEN SESSION at Helena, Montana this 16th day of February, 1988,
by a 5 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

TOM MONAHAN, Commissioner

DANNY OBERG, Commissioner

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.